

ARTICLE APPROVED
ON PAGE 821

NEW YORK TIMES

4 March 1986

U.S. Maps Out Trail of Cash in Navy Spying Case

By PHILIP SHENON

Special to The New York Times

SAN FRANCISCO, March 3 — Federal prosecutors said today they would detail how a Navy communications specialist purchased luxury goods with thousands of dollars in cash, which, they say, he received from the Soviet Union in exchange for military secrets.

In a three-month period in 1980, they said, the communications specialist, Jerry A. Whitworth, spent \$30,000 in cash on several items, including a \$1,200 video system. He received a Navy salary of less than \$30,000.

Mr. Whitworth, who has pleaded not guilty to espionage charges, is scheduled to go on trial later this week.

In a final pretrial hearing in Federal District Court here, an Assistant United States Attorney, Leida B. Schoggen, charged that Mr. Whitworth set aside a "cash hoard" with money provided by John A. Walker Jr., a Navy colleague who has confessed to forming a Soviet spy ring.

Defense Motion Argued

Miss Schoggen detailed the transactions in urging Judge John P. Vukasin Jr. to reject a defense motion to hold two separate trials for Mr. Whitworth: one on espionage charges, the other on allegations of tax evasion.

She said that the Government's case was partly dependent on showing that the charges were intertwined, and that Mr. Whitworth's "personal greed" had influenced a decision to become a spy.

A defense lawyer, James Larsen, did not respond directly to allegations that Mr. Whitworth made the large purchases. He argued instead that the espionage case and the tax fraud case should be tried separately because, he said, they are unrelated.

"How he spent his money had nothing to do with Mr. Walker," Mr. Larsen said. The tax charges involve allegations that Mr. Whitworth failed to report his income from the purported espionage activities.

After the arguments, Judge Vukasin said he would delay a decision on the defense request. He also put off a decision on whether to allow prosecutors to make use of anonymous letters that, they say, were written by Mr. Whitworth to the Federal Bureau of Investigation in 1984 in an attempt to expose the spy ring.

Mr. Larsen said that the letters would be a "virtual confession" if a jury believed that Mr. Whitworth was the author.

Plan to Attack Walker Testimony

At the hearing today, Mr. Larson gave indications that the defense case would be built largely on attacking the credibility of Mr. Walker, who is expected to be the Government's chief witness at trial.

Miss Schoggen asserted that Mr. Whitworth was spending far more money in the early 1980's than could be justified by his Navy pay. And some large expenditures, she said, came shortly after meetings with Mr. Walker, who is expected to testify that he paid Mr. Whitworth hundreds of thousands of dollars in exchange for Navy secrets that were later turned over to Soviet agents.

The Government indictment accused Mr. Whitworth of taking \$100,000 from Mr. Walker in a meeting in the first three days of June 1980. On June 5, 1980, Miss Schoggen said today, Mr. Whitworth paid \$1,218 in cash for a video cassette player and television set. Within a month, he made eight pur-

chases totaling \$15,000, she said.

Prosecutors have said repeatedly that Mr. Whitworth's frequent use of cash, which is difficult to trace, was a sign that his purchases were meant to remain a secret. The Government said the purchases were eventually traced through an exhaustive investigation by Federal agents.

Focus on 4 Letters

Much of the courtroom discussion today was over the four anonymous letters received by the San Francisco office of the F.B.I. in 1984, offering to expose what the writer described as a "significant" Soviet spy ring.

Prosecutors have long argued that Mr. Whitworth was the author, and today they asked Judge Vukasin to reconsider his earlier decision not to permit the letters to be entered into evidence.

William S. Farmer, another prosecutor, noted large similarities between the writing styles of Mr. Whitworth and "RUS," the name used by the letter writer. "There are similar if not matching vocabulary and similar phrases," he said. Authorship of the letters should be left to a jury to decide, Mr. Farmer said.

Mr. Larson, the defense lawyer, argued that the letters would be "highly prejudicial" to Mr. Whitworth and said prosecutors had offered no firm proof that Mr. Whitworth had written them. In his earlier ruling, Judge Vukasin agreed with the defense argument but said he might reconsider if prosecutors presented new evidence.